

RMOC HOLDINGS LLC

IBLA 99-256

Decided April 21, 2000

Appeal from a decision of the Wyoming State Office, Bureau of Land Management, denying approval of assignment of oil and gas lease WYW-113357.

Affirmed.

1. Oil and Gas Leases: Assignments and Transfers--Oil and Gas Leases: Expiration

Where the application for assignment of an oil and gas lease is pending before BLM, the assignor is responsible for the performance of all obligations under the lease until the assignment has been approved. Where no activity on the lease has occurred at the conclusion of the primary term, which expires during the pendency of the application for assignment, the requested assignment is properly disapproved.

2. Estoppel--Oil and Gas Leases: Expiration--Oil and Gas Leases: Extensions--Regulations: Generally--Statutes

Estoppel will not lie when the legal consequences of an action are clearly set forth in statute and/or regulation, and when the application of estoppel would afford a right not authorized by law. Thus, there is no requirement in law or regulation compelling BLM authorities to give prior notice to a potential lessee that the lease it seeks is about to expire at the conclusion of its primary term and that a further extension of the lease term may be obtained only if a certain course is followed by the current lessee.

APPEARANCES: Edward Neibauer, General Partner, RMOC Holdings LLC, Littleton, Colorado, for Appellant.

OPINION BY ADMINISTRATIVE JUDGE TERRY

RMOC Holdings LLC (RMOC or Appellant) appeals from a January 26, 1999, decision (Decision) of the Wyoming State Office, Bureau of Land

Management (BLM), disapproving an assignment of oil and gas lease WYW-113357 to Appellant because the lease expired under its own terms on September 30, 1998. (Decision at 1.)

The file in the subject case reflects the following brief history of lease WYW-113357. The lease includes 1,272.9 acres in Sweetwater County, Wyoming, in sec. 6, T. 17 N., R. 99 W., Sixth Principal Meridian, and in sec. 12, T. 17 N., R. 100 W., Sixth Principal Meridian. Lease WYW-113357 was issued on September 15, 1988, with an effective date of October 1, 1988, for a term of 10 years to Marvin E. Wolf. On June 1, 1989, the lease was assigned by Wolf to Polfam Exploration Company (Polfam). Following a number of reassignments, Polfam and all other owners of interests in the lease negotiated reassignment of all their interests to RMOc. On July 27, 1998, these reassignments were filed with BLM for its approval. However, because the lease expired on September 30, 1998, prior to the lease reassignment having been acted upon, the reassignment was denied in the January 26, 1999, decision appealed from.

In its Statement of Reasons (SOR) for appeal, Appellant claims that it is appealing the January 26 decision based upon the following information:

1. Lease #WYW-113357 ("Lease") joined the Sage Flat (Deep) Unit ("Unit") effective September 26, 1996.
2. RMOc acquired the lease in July 1998 and was given information from the Wyoming State BLM Office located in Cheyenne, Wyoming that the Lease was being held by the Unit.
3. On July 27, 1998, RMOc filed the assignment with the State BLM Office at which time RMOc respectfully requested an expedition of the filing in order to proceed on a work schedule for the Lease.
4. On January 26, 1999 (6 months later) RMOc received a Notice from the BLM denying the assignment based upon the Lease expiring under its own term on September 30, 1998.

(SOR at 1.) Based upon the information provided above, Appellant asserts that

the information given to RMOc by the BLM State Office that the Lease was being held by the Unit was invalid and misleading. The Lease had historical hydrocarbon production capable of producing in commercial quantities and RMOc had plans to reestablish production on the lease. With the information RMOc received [from] the BLM State Office, RMOc intended to begin the re-work program once the assignments had been approved.

The denial of the assignment has caused RMOC immediate and irreparable harm and [it] only made the investment to purchase the Lease based upon the information given to RMOC by the BLM State Office that the Lease was being held by the Unit.

If RMOC had received correct information from the BLM there would have been adequate time to re-establish commercial production on the lease from existing wellbores. Therefore, RMOC is respectfully requesting a reversal of the decision.

(SOR at 1-2.)

Appellant's claims in this appeal are two-fold. First, it claims that it reasonably believed to its detriment that the lease was held by the Sage Flat Unit and thus implies that it believed the lease was automatically extended. Second, it claims that it was misled by Wyoming BLM State Officials concerning the status of the lease, and thus further implies that it was precluded from taking those steps necessary to restart production on the lease prior to its expiration, which would have automatically extended the term of the lease while the reassignment request was being processed. See 30 U.S.C. ' 187(a) (1994).

[1] Appellant does not dispute that the lease was not producing on September 30, 1998. The statutory provision governing assignments, 30 U.S.C. ' 187a (1994), states that until approval of an assignment, the assignor "shall continue to be responsible for the performance of any and all obligations as if no assignment \* \* \* had been executed." See PRM Exploration Co., 91 IBLA 165, 170 (1986). In this case, the lessees of record continued to have the obligation of maintaining production on the lease until September 30, 1998, the date on which the lease expired by its own terms. See, e.g., Great Western Petroleum and Refining Co., 124 IBLA 16, 23 (1992).

[2] Nor do the facts in this case warrant application of the doctrine of estoppel. We addressed a claim of estoppel as it related to a lease expiration in Margaret H. Paumier, 2 IBLA 151, 154 (1971). In Paumier, we stated:

[O]ne who holds an oil and gas lease from the United States is presumed to know the law and regulations and will conduct his affairs relative to the lease strictly in accordance therewith.

A lessee's unfamiliarity with the regulations does not excuse his failure to take advantage of benefits which might be obtained thereunder. \* \* \* Further, there is no requirement in law or regulation which compels the land office to give prior notice to lessees that their leases are about to expire and that a further extension of the lease term may be obtained if a certain course is followed.

Id. at 154.

The lessee is presumed to have knowledge of the relevant statutes and regulations affecting its lease. Federal Crop Insurance Corp. v. Merrill, 332 U.S. 380 (1947). Because of its imputed knowledge, RMOC

cannot successfully claim ignorance of the material facts without presenting extraordinary circumstances overcoming that presumption. Fuel Resources Development Co., 100 IBLA 37, 43 (1987); Landmark Exploration Co., 97 IBLA 96, 99 (1987); Tom Hurd, 80 IBLA 107, 110 (1984); see generally United States v. Wharton, 514 F.2d 406, 412 (9th Cir. 1975).

The Board has well-established case precedent governing consideration of estoppel questions. See, e.g., Mt. Gaines Consolidated, 144 IBLA 49, 51 (1998); Ptarmigan Co., 91 IBLA 113, 117 (1986), aff'd sub nom. Bolt v. United States, 944 F.2d 603 (9th Cir. 1991). As we reiterated in James W. Bowling, 129 IBLA 52 (1994), for a misrepresentation to be affirmative misconduct sufficient to justify invocation of estoppel, it must be in the form of a crucial misstatement in an official written decision. Oral advice, by its nature, provides an unstable foundation on which to base future actions. The Board has consistently refused to entertain estoppel claims unless based on an official written document. In the present case, RMOG has provided no evidence of precisely what information was provided to it orally by the Wyoming State BLM Office, and by whom. We have also noted that while estoppel may lie where reliance on a Government written decision deprived an individual of a right which he otherwise would have acquired, estoppel does not lie where the effect of such action would be to grant an individual a right not authorized by law, as here. 43 C.F.R. ' 1810.3(c); Terra Resources, Inc., 107 IBLA 10, 13 (1989). For these reasons, the doctrine of estoppel does not apply in the present case.

Therefore, pursuant to the authority delegated to the Board of Land Appeals by the Secretary of the Interior, 43 C.F.R. ' 4.1, the decision appealed from is affirmed.

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James P. Terry  
Administrative Judge

I concur:

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John H. Kelly  
Administrative Judge